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SUBJECT: LEE GIVES CABINET A SHAKE, BRINGS IN NORTH KOREA
POLICY ARCHITECT

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4(b/d)

¶1. (C) SUMMARY. ROK President Lee Myung-bak gave his cabinet a makeover January 18 and 19, naming Yoon Jeung-hyun his new Finance Minister (septel), Hyun In-taek Unification Minister, and Won Sei-hoon National Intelligence Service (NIS) Director. In naming close campaign advisor and "Denuclearization, Opening 3000" architect Hyun as his Unification Minister, Lee has probably picked a more enthusiastic advocate for Blue House inter-Korean policy. A primary task for Harvard-educated economist Han, on the other hand, will be to win support for U.S. ratification of the KORUS FTA, one of the Lee government's highest priorities. The timing of the shakeup is significant as the Blue House hopes its "119" (for January 19 and also the Korean emergency phone number) shuffle focused on the economy will provoke favorable discussions among families over the long Lunar New Year weekend and build support for President Lee. End summary.

Hyun: Behind-the-Scenes Advisor to LMB

¶2. (SBU) Korea University political science professor and close advisor to President Lee since his days as a candidate in early 2007, Unification Minister nominee Hyun In-taek worked during the presidential campaign with Kim Tae-hyo (current National Security Advisor) and Kim Woo-sang (current ROK Ambassador to Australia) on foreign policy and national security issues. Hyun helped draw up Lee's "Denuclearization, Opening 3000" initiative and was subsequently a member of the presidential transition team. Mentioned early in 2008 as a candidate for the Foreign Minister or National Security Advisor positions, Hyun instead continued to quietly advise Lee behind the scenes. Considered to be a conservative scholar, Hyun is also a pupil of former Foreign Minister Han Sung-joo, who is also said to advise President Lee on foreign policy.

¶3. (C) Coming on the heels of the January 18 threat from the DPRK Army Chief of Staff to take a more confrontational posture toward the ROK, Lee's selection of Hyun is widely interpreted by media pundits as a signal that he plans to stay the course on North Korea policy. Perhaps. A more likely explanation is that Hyun, being very close to President Lee, will be more willing and enthusiastic in forwarding the Blue House vision of inter-Korean relations. On learning of his nomination, Hyun defended strongly the "Denuclearization, Opening 3000" initiative. He also said that he viewed inter-Korean relations as being linked with ROK-U.S. and U.S.-DPRK relations. Inter-Korean relations, Hyun said, must be considered within the context of South Korea's overall

diplomacy.

NIS Director Won Sei-hoon

¶4. (C) Also a close aide to Lee during the presidential campaign, Won Sei-hoon served as Minister of Public Administration and Security before being picked to serve as NIS Director; he does not have intelligence background. Won also spent many years in administrative positions with the Seoul municipal government, including during Lee's tenure as mayor.

Ambassador to the U.S. Han Duck-soo

¶5. (C) Han Duk-soo was named Korean Ambassador to the U.S. January 18. From North Jeolla Province, Han is a career civil servant, rising rapidly especially under Presidents Kim Dae-jung and Roh Moo-hyun. Han was Roh's last prime minister, playing a leading role in successfully building Korean public support for the KORUS FTA. Most expect the free-market advocate Han will be in charge of building support for the agreement's ratification in the U.S. The career economic technocrat received his PhD in economics from Harvard in 1984 and is well respected by both conservatives and liberals. The choice of Han, from the liberal stronghold of Jeolla, is widely hailed as a sharp political move by President Lee. Han has no particular connection to President Lee but, according to Blue House sources, has met frequently

with Lee since last fall when the economic crisis began and he joined the National Economic Advisory Council.

¶6. (C) Han served most of his career in the National Tax Service, the Economic Planning Board and the Ministry of Trade and Industry (MTI--which was comprised of the current ministry (MKE) and the trade policy division that has since been moved to MOFAT) after entering the civil service in ¶1970. Han served as Vice Minister of MTI during the IMF crisis in 1997-8 and was the first trade minister in MOFAT from 1998-2000. Subsequent postings included Ambassador to the OECD in 2001, Senior Secretary to the President for Policy Planning and Economic Affairs from 2001-2, Minister of Policy Coordination (in the Prime Minister's office) from 2004-5, Deputy PM and Minister of Finance from 2005-6 and PM from 2007-8. Han's appointment does not need National Assembly approval. Despite his regional background and the important roles he played in the DJ and Roh administrations, Han is seen first as a technocrat and a political survivor. Born in 1949, Han has no children.

Reaction to the Shakeup

¶7. (C) Many in the GNP, the ruling party, had hoped to end up with a cabinet position. Their disappointment is a good sign for President Lee, because he does not want to be accused of playing politics at this time of economic crisis; the public is quite comfortable with the lack of politicians in the new line-up. Hyun, the Unification nominee, will probably have a hard time in the National Assembly hearings. As one of the architects of the Lee administration's approach to North Korea, he is also likely to draw opposition from Democratic Party (DP) members critical of Lee's handling of inter-Korean relations. He will also be drilled for his wealth. At the end of the day, however, there is no up-or-down vote, so unless there is some wrong-doing in his background, Hyun too is likely to be confirmed.

¶8. (C) Among this round of appointments is the new national police chief, Kim Seok-ki, who, as Seoul police chief, ordered a SWAT team to take-over a building occupied by squatters on January 20. This action resulted in six deaths, including one police officer. Kim is already receiving

criticisms that he was too quick off the mark in opting for such a show of force, as the squatters had occupied the building barely more than one day. President Lee may have to look for another police chief if these criticisms become louder.

STEPHENS